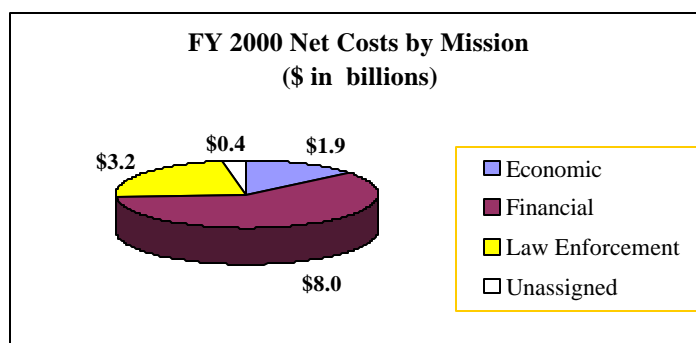


Appendix D: Net Cost to Accomplish Treasury’s Strategic Missions

Measuring *costs* (the value of resources used to achieve an objective) is an integral part of measuring performance. When cost information is linked to measures of effectiveness in achieving a desired outcome or stated objective, readers can assess the “cost-effectiveness” of a program. *Net cost* refers to the program’s total costs (including supporting services) minus the revenues the program earns.



The combined total net cost of Treasury’s business in FY 2000 was \$13.5 billion, as reported in Treasury’s financial Statement of Net Cost in the FY 2000 Accountability Report. This statement and supporting information display the full costs of programs carried out by the Treasury Department to meet the three strategic missions described in Treasury’s Strategic Plan: Economic, Financial, and Law Enforcement. The report also displays costs by bureau, office or organization within the three mission areas. Costs that could not be assigned to program areas are shown separately.

The largest proportion of costs goes to *Manage the Government’s Finances* (the Financial mission) and accounts for \$16 billion in total costs, of which \$8.3 billion was for the revenue activities of the IRS. Total costs were offset by \$8 billion in earned revenues, principally \$3.4 billion from the Federal Financing Bank and another \$3.7 billion in revenues earned by the U.S. Mint. Net cost for this mission was \$8 billion.

To *Safeguard our Financial Systems, Protect Our Nation’s Leaders, and Secure a Safe and Drug-Free America* (the Law Enforcement mission), our total costs were \$3.4 billion. The largest law enforcement costs were approximately \$1 billion each for the U.S. Customs Service and the U.S. Secret Service, \$.6 billion for IRS law enforcement and \$.5 billion for the Bureau of Alcohol, Tobacco and Firearms. The net cost for this mission was \$3.2 billion.

Total costs to *Promote Prosperous and Stable American and World Economies* (the Economic mission) were \$4.1 billion. Of this amount, \$1.4 billion went to Treasury International Assistance Programs. The \$1.9 billion total costs for the Exchange Stabilization Fund were offset by earned revenues of \$1.6 billion. Of the \$550 million total costs for the banking regulatory agencies (Office of the Comptroller of the Currency and Office of Thrift Supervision), all but \$5 million were offset by earned revenues. Net cost for this mission was \$1.9 billion.

Although bureaus allocated most of their management and general administrative costs to programs within the three mission areas, approximately \$400 million in net costs are displayed as *Costs Not Assigned to Programs*. These unassigned costs, which could not be reasonably allocated to a program area, are principally for the Treasury Inspector General, Treasury Inspector General for Tax Administration, and the Departmental Offices’ Working Capital Fund.

Combined Net Costs by Treasury Mission
(\$ in millions)

	FY 1998	FY 1999	FY 2000
Economic Mission			
Total Costs	\$2,932	\$2,478	\$4,063
Less Earned Revenues	-2,054	-3,618	-2,138
Net costs, Economic mission	\$878	-\$1,140	\$1,925
Financial Mission			
Total Costs	\$16,363	\$16,960	\$15,897
Less Earned Revenues	-6,892	-6,922	-7,928
Net costs, Financial Mission	\$9,471	\$10,038	\$7,969
Law Enforcement Mission			
Total Costs	\$2,060	\$2,975	\$3,352
Less Earned Revenues	-82	-83	-177
Net costs, Law Enforcement	\$1,978	\$2,892	\$3,175
Costs not assigned to programs			
Total Costs	\$1,478	\$1,104	\$984
Less Earned Revenues	-725	-743	-603
Net costs, Unassigned	\$753	\$361	\$381
Combined Total, Treasury			
Total Costs	\$22,833	\$23,517	\$24,296
Less Earned Revenues	-9,753	-11,366	-10,846
Net costs, Treasury	\$13,080	\$12,151	\$13,450